

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KENTUCKY PUBLIC SERVICE COMMISSION)	
VS.)	CASE NO.
KAY PIGMON, MEADES BRANCH GAS)	9438
AND WATER)	

O R D E R

On January 30, 1985, the Commission received a telephoned complaint from a customer of Meades Branch Gas and Water ("Meades Branch"), a small utility in Lawrence County, Kentucky, which serves 12 water and 9 gas customers. The system has one gas and water well and approximately 700 feet of 2-inch steel pipe. The rate of gas and water combined is \$20 during the summer months and \$40 during the winter months.

Commission Staff ("Staff") inspected Meades Branch on March 13-14, 1985, and conducted many follow-up inspections. A number of reports and letters directed compliance with Commission regulations.

The Commission issued an Order which scheduled a show cause hearing for September 25, 1986. At that hearing, Meades Branch agreed to correct the deficiencies noted in the Staff reports, namely:

1. Conduct a gas leak survey and repair the leaks.
2. Install gas meters.

3. Comply with the Commission regulations pertaining to the operation and management of a gas and water utility in a safe and efficient manner.

4. File its tariff with the Commission in accordance with the regulations.

5. Administer proper chemical treatment for water.

Staff has conducted several follow-up inspections, each showing very little progress towards compliance with Commission regulations.

On July 15, 1987, Kay Pigmon, an individual doing business as Meades Branch, was directed to appear on September 23, 1987, to show cause why he failed to comply with the Commission regulations. Neither Mr. Pigmon nor any representative of Meades Branch appeared at the hearing. The Commission was advised by Staff to consider shutting down Meades Branch for being in a potentially hazardous condition. As a final effort to prevent shutdown, a Staff inspector, Marcus L. Rogers, contacted Mr. Pigmon by telephone and scheduled an on-site meeting with him for October 3, 1987. Mr. Rogers' October 13, 1987, inspection report is attached as Appendix A.

As a result of this inspection, Meades Branch demonstrated its determination to correct the improper operation of its gas distribution system and has already achieved some progress in conducting a leak survey, painting exposed steel lines, removing aboveground plastic pipes, and placing regulators and proper fittings.

Meades Branch assured Mr. Rogers that it would test the system with air and establish the maximum allowable operating pressure of the system. It will repair the leaks, paint the remaining exposed steel lines and fittings, and install individual shut-off valves for each customer.

Meades Branch will protect the distribution line against external corrosion and comply with the Commission regulations in establishing an Operating and Maintenance Plan and records, and in complying fully with 807 KAR 5:022 regulations in its operation and maintenance.

Meades Branch is advised to comply with the Commission regulations 807 KAR 5:006, Section 3, and 807 KAR 5:011 by filing annual financial and statistical reports and filing its tariffs.

As a follow-up to Meades Branch progress, it is advised to submit to the Commission a monthly progress report commencing November 30, 1987, and for 6 months thereafter showing the correction of the deficiencies noted in this Order.

FINDINGS AND ORDERS

After reviewing the record, the Commission is of the opinion and hereby finds that:

1. Meades Branch has demonstrated its intention to correct violations of Commission regulations in its gas distribution system and assured Staff of its determination to establish a safe gas system. It has already achieved some progress by conducting a leak survey and locating the leaks, painting most of the exposed lines, installing customers' regulators, removing aboveground plastic pipes, and replacing most of the improper fittings.

2. To assure safe and adequate services and to eliminate the potentially hazardous conditions, Meades Branch should, by November 30, 1987, test the system hydraulically or pneumatically; set up the maximum allowable operating pressure of the distribution system; clean and paint the rusted exposed steel lines and fittings; install individual shut-off valves for each customer; and repair all the leaks in the system.

3. Meades Branch should pursue a course of action to fully comply with the Commission regulations on or before April 30, 1988, by protecting the distribution line from external corrosion; establishing an Operating and Maintenance Plan and records; replacing all illegal pipes, valves, and fittings; filing an annual financial and statistical report with the Commission as required by 807 KAR 5:006, Section 3; and filing its tariffs. Since Meades Branch is willing and has started improving the system, it should be allowed an additional 6 months, until April 30, 1988, to fully comply with the Commission regulations.

4. Meades Branch should file a monthly progress report with the Commission outlining the progress of the system toward compliance with PSC laws and regulations.

5. Meades Branch should also be advised that if at any time potential safety hazards are present, the Commission will reevaluate the need to shut down the system.

IT IS THEREFORE ORDERED that:

1. Meades Branch shall continue to operate the system for the present time.

2. By November 30, 1987, Meades Branch shall test the system and repair all leaks, paint all unpainted exposed steel line and fittings, and install shut-off valves for each customer.

3. Meades Branch shall file a scheduled plan and a monthly progress report from November 30, 1987, to April 30, 1987, showing the progress of the system towards full compliance with the Public Service Commission law and regulations in accordance with 807 KAR 5:022.

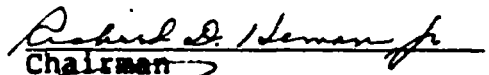
4. By December 31, 1987, Meades Branch shall file copies of its tariff in accordance with 807 KAR 5:011.

5. By March 31, 1988, Meades Branch shall file copies of its annual report for 1987.

6. In case of any potential safety hazard in the Meades Branch, the system shall be reevaluated for the need to shut down.

Done at Frankfort, Kentucky, this 13th day of November, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

October 13, 1987

Mr. Kay Pigmon
Meades Branch Gas & Water
Gas Division
Route 4, Box 185
Louisa, KY 41230

Dear Mr. Pigmon:

Attached is a report of the 1987 comprehensive inspection of the Gas Division of Meades Branch Gas & Water which was performed by Marcus L. Rogers on October 3, 1987.

Please respond in writing to this report by November 16, 1987, outlining a correction schedule of the cited deficiencies for Commission approval. It is very important that we receive a written response by November 16, 1987.

If you have any questions or need additional information, please contact Mark Rogers at 502 564-2545.

Sincerely,

Claude G. Rhorer, Jr.

Claude G. Rhorer, Jr., Director
Division of Utility Engineering
and Services

CGR/MLR/ml1

Attachment

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

ANNUAL COMPREHENSIVE INSPECTION REPORT

Meades Branch Gas and Water
Gas Division
Louisa, Kentucky

October 13, 1987

BRIEF

Meades Branch Gas and Water Company (Meades Branch) is a small natural gas utility with nine customers on the system. Three of these are free customers. The gas is supplied from a local well owned by Mr. Kay Pigmon who also owns and operates Meades Branch. The March 14, 1985, inspection by Public Service Commission staff produced evidence of bare, exposed, rusty pipes; bare, exposed plastic pipe; illegal gas pipe; and illegal hose clamps.

INSPECTION

I met with Mr. Kay Pigmon on October 3, 1987, and we discussed the system's operations, past problems, and completed improvements. We toured and inspected the entire system starting at the well and going over the entire 2" main. We then checked every service with respect to regulators, valves, corrosion, and leaks.

FINDINGS

1. The well, 2" valves, and bare 2" line from the well (20' to 30'), plus the drip and blow-off valve, have been painted. The 2" pipe across a gully is not painted.
2. There is a permanently installed pressure gauge on the line. (The gas pressure was 67 psig.)

3. There was no exposed or illegal plastic pipe, nor illegal fittings evident in the gas system, as was found on prior inspections.
4. Two of the nine services were painted and in excellent condition. Others had varying degrees of atmospheric corrosion (rust). Some regulator sets were wrapped in fiberglass insulation and covered with boxes or other coverings.
5. Seven of the services had shut-off valves. Two of the services shared the same 2" shut-off valve.
6. There are no gas meters in the system. (Mr. Pigmon charges a flat rate.)
7. The gas from the Meades Branch well has a natural odor.
8. The Meades Branch system has no cathodic protection.
9. The drip is blown 2 to 3 times per month in the summer, and less than 1/2 cup of water accumulates. The drip is blown 2 to 3 times per week in winter, and from 1 quart to 1 gallon of water accumulates.
10. In case of emergency three persons, other than Mr. Pigmon, who live in the area know how to shut down the system.
11. Meades Branch has no Operations and Maintenance Plan, Emergency Plan, and very few records.
12. The cutoff valve for Marilyn Miller is not a gas valve.

13. A leak survey of the system was performed by Jerry Hueseman, Route 3, Box 685-13, Salyersville, Kentucky 41465 (606 349-3787) on April 16, 1987. The instrument used was a gas-trac (see Attachment A).
14. The leak survey conducted during this inspection (Attachment B) revealed minor leaks at most services; two services (Charles Tarring and Willard Bailey) had severe leaks.
15. Meades Branch has no records of annual valve maintenance and regulator maintenance.
16. Meades Branch has not established a maximum allowable operating pressure (M.A.O.P.).
17. Required odorization checks are not recorded.
18. Buried pipeline is not marked in areas where possible digging could cause damage, such as garden areas.

RECOMMENDATIONS

It is recommended that:

1. All bare steel exposed to atmosphere be protected from atmospheric corrosion by painting and exposed steel at services be cleaned and painted by November 16, 1987, [807 KAR 5:022, Section 10(7)].
2. Each service have its own individual recommended type shut-off valve by November 16, 1987, [807 KAR 5:022, Section 9(7)].

3. Meades Branch conduct odorization checks every 95 days, starting immediately and keep records of same, [807 KAR 5:022, Section 13(17)] .
4. Meades Branch install some type of cathodic protection for buried steel or submit a plan and schedule for doing so to the Commission by November 16, 1987, [807 KAR 5:022, Section 10(3)].
5. Meades Branch develop an Operating and Maintenance Plan, including Emergency Plan, by December 16, 1987, [807 KAR 5:022, Sections 13(3) and (9)].
6. Develop and maintain annual valve and regulator maintenance records, starting immediately, [807 KAR 5:022, Section 14(21) and (25)].
7. Meades Branch establish a M.A.O.P. by December 16, 1987, [807 KAR 5:022, Section 13(12)].
8. Pipeline markers be installed by November 16, 1987, in areas where digging is likely to occur, [807 KAR 5:022, Section 14(5)].
9. All leaks be repaired immediately, [807 KAR 5:022, Section 14(13)].
10. All service valves be readily accessible immediately, [807 KAR 5:022, Section 23(4)(a)].

It is also recommended that a copy of this report be furnished to Meades Branch to make it aware of the deficiencies

Report - Meades Branch Gas
Page 5
October 13, 1987

outlined in the recommendations section, and that it be directed
to respond in writing by November 16, 1987.

Respectfully submitted,

Marcus L. Rogers ~ *ELL*
Marcus L. Rogers ~ *LL*
Utility Investigator

MLR/ml1

Attachments

1/2" Valve Leak Richard Jude

Underground leak at Sue Hunt

Leak on Valve at drip

~~Rocky Jude High Pressure Reg.asket + Brass Valve - shut off~~

2 Underground leaks Willard Bailey on service line - one marked with stick + clothes

2 valves leaking?

Plastic Line - Penny Miller

Leak survey conducted on 4-16-87 Above is a list of all leaks found.

Instrument used was a Gas-Traco. Survey conducted by

Jerry Harrison

RT 3 Box 685-13

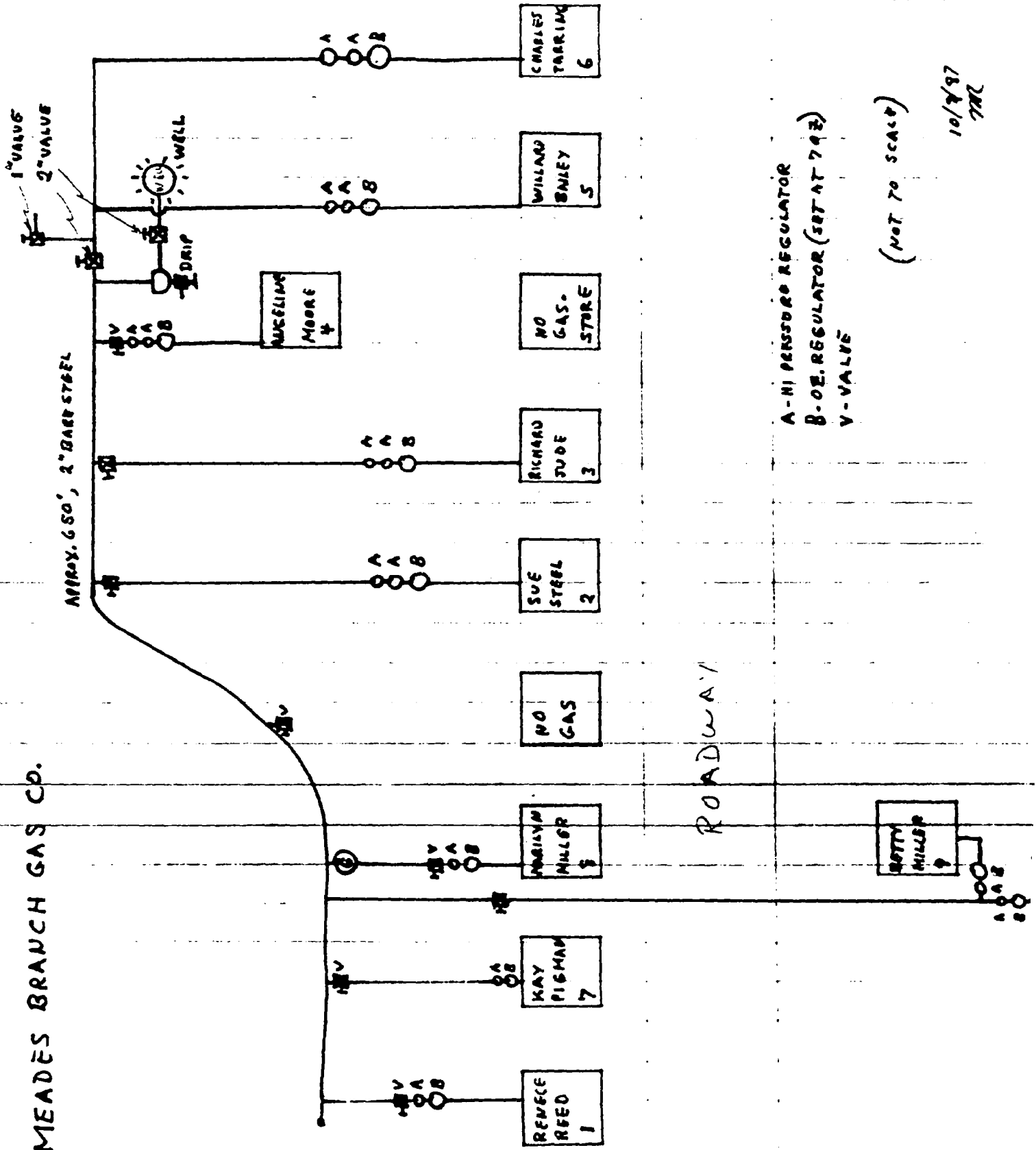
Salysville, Ky. 41465

349.3787

LEAK SURVEY

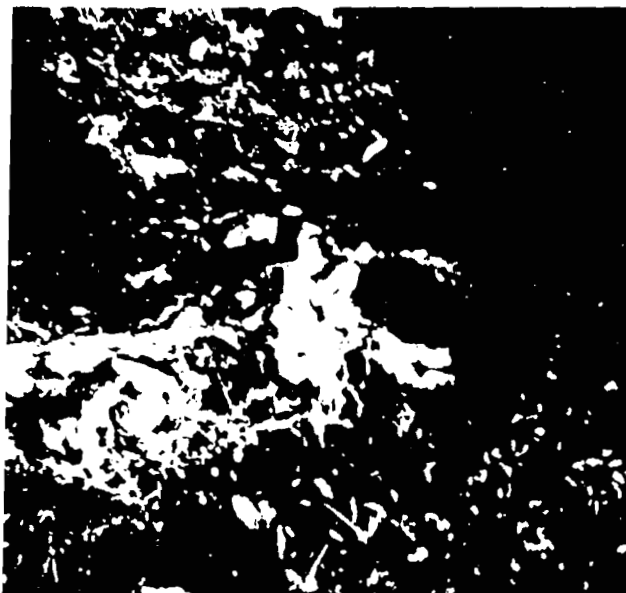
Company MEADES BRANCH Date 10/3/87Inspectors M. L. ROGERSType of Survey WALK, WITH FLAME IONIZATION UNIT

Location	Results	Comments
<u>BLOW OFF VALVE @ DRIP</u>	<u>MINUTE LEAK</u>	<u>WRONG TYPE VALVE</u>
<u>WILLARD BAILEY SERVICE</u>	<u>SEVERE LEAK IN YARD. ALSO LEAK AT REDUCER TO REGULATOR. ALSO DEAD VEG. FROM UNDERGROUND LEAK.</u>	<u>MUST BE REPAIRED A.S.A.P. OR SHUT OFF.</u>
<u>CHARLES TARRING SERVICE</u>	<u>LEAK IN SERVICE LINE, DEAD VEGETATION. SHALL LEAK AT REGULATOR</u>	<u>SERVICE LINE LEAK MUST BE REPAIRED. ALSO LEAK @ REGULATOR</u>
<u>KAY PIGHAN SERVICE</u>	<u>SHALL THREAD LEAK AT REGULATORS</u>	
<u>MARILYN MILLER SERVICE</u>	<u>NO LEAKS OBSERVED</u>	
<u>ANGELINE MOORE SERVICE</u>	<u>SHALL LEAK AT REGULATORS</u>	
<u>SUE STEEL SERVICE</u>	<u>UNDERGROUND LEAK AT INLET TO SERVICE REGULATORS</u>	<u>MUST BE REPAIRED.</u>
<u>BETTY MILLER SERVICE</u>	<u>SERVICE WAS SHUT OFF FOR REPLACEMENT SERVICE LINE</u>	
<u>RICHARD JUDE SERVICE</u>	<u>NO LEAKS OBSERVED</u>	
<u>ABANDONED OR DELETED SERVICE BETWEEN MILLER & STEEL MAIN, DEAD AT RESIDENCE</u>	<u>VALVE OR SHUT OFF, SLIGHT LEAK NEAR 2" MAIN</u>	





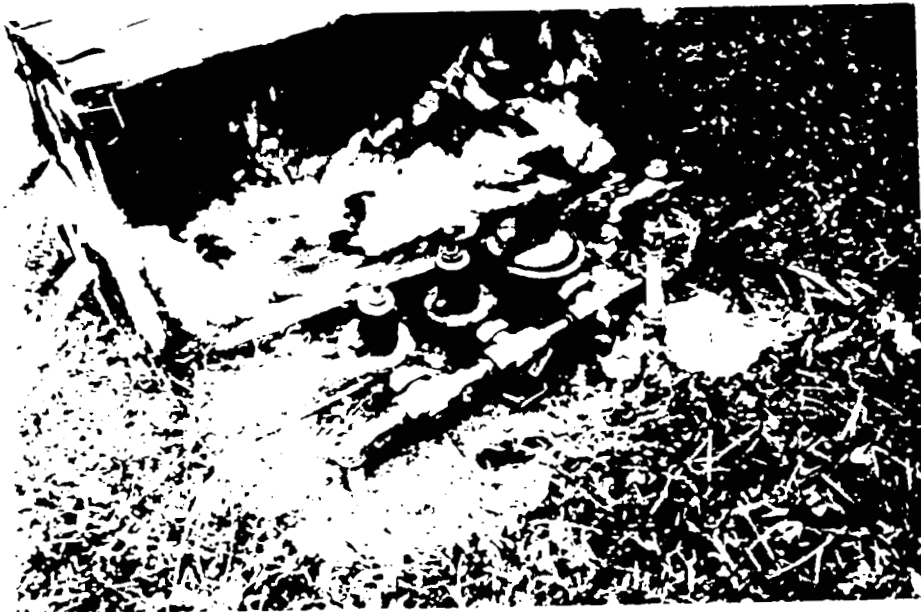
1. Service to Richard
Moore



2. Service to Angeline Moore



3. Service to the Steel



4. Service to Richard Tule



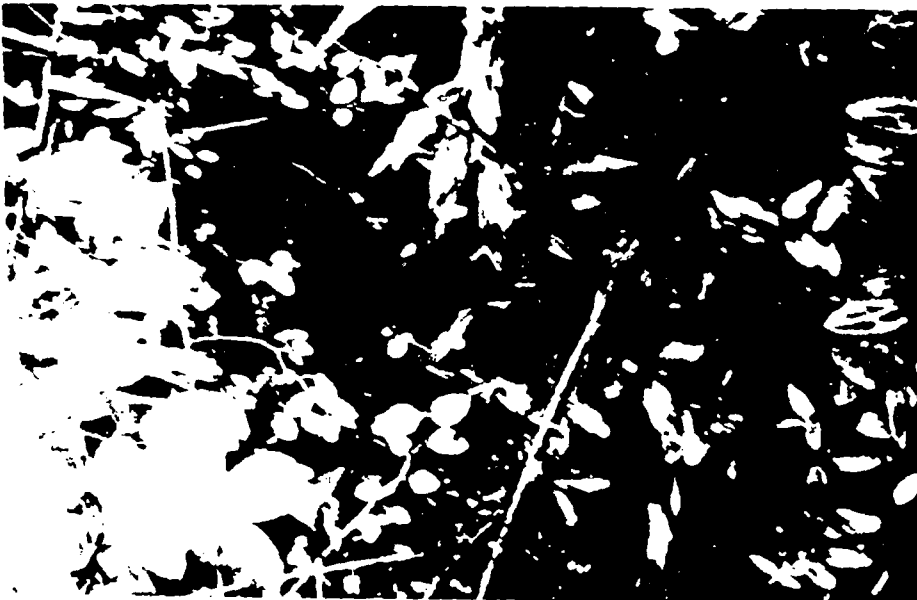
5. Service to Marilyn Miller
(new service line joint
installed)



6. Service to Peneco Pond



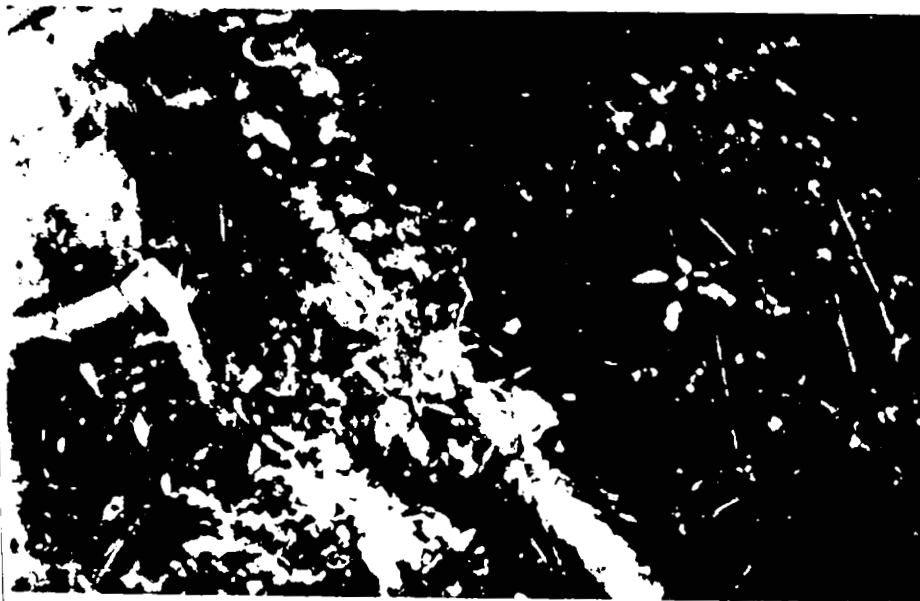
7. Service to Charles
Tarrin



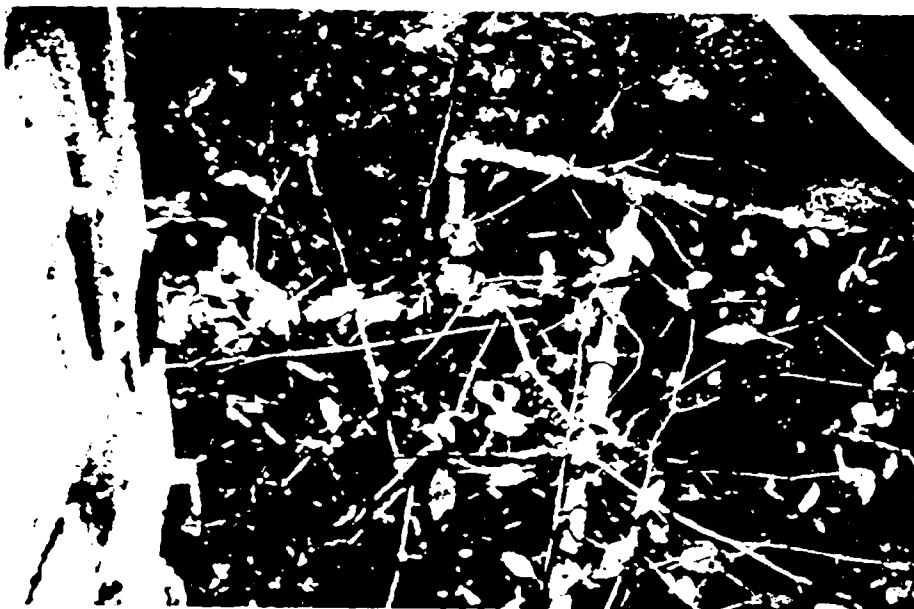
8. Bare, exposed 2"
diameter pipe across
slip.



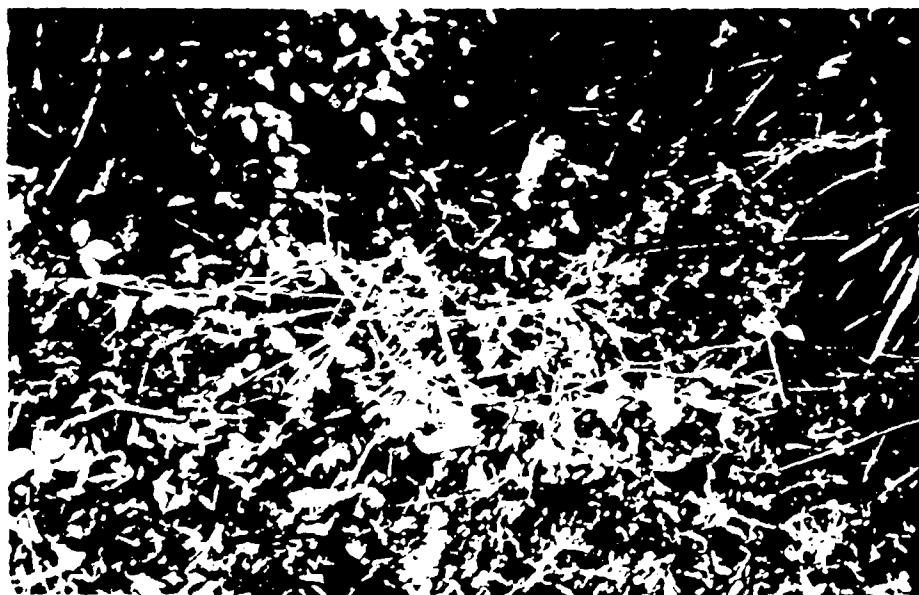
9. Meades Branch Gas Well



10. 2" main valve at gas well



11. 2" valve for service to
Willard Pailor and
Charles Larrin



12. 2" main from well